

STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN

1

QUARTERLY FINANCIAL REPORTING FORM

| | | 1 |
|-----|--|--|
| 1. | FOR THE QUARTER ENDING: | June 30, 2002 |
| 2. | Name: | Liberty Dental Plan of California Inc. |
| 3. | File Number:(Enter last three digits) 933-0 | 052 |
| 4. | Date Incorporated or Organized: | March 8, 1976 |
| 5. | Date Licensed as a HCSP: | August 3, 1978 |
| 6. | Date Federally Qualified as a HCSP: | |
| 7. | Date Commenced Operation: | 3/8/1976 |
| 8. | Mailing Address: | 3636 Birch Street, Suite 250 Newport Beach, CA 92660 |
| 9. | Address of Main Administrative Office: | 3636 Birch Street, Suite 250 Newport Beach, CA 92660 |
| 10. | Telephone Number: | 949-223-0007 |
| 11. | HCSP's ID Number: | 95-3031770 |
| 12. | Principal Location of Books and Records: | 3636 Birch Street, Suite 250 Newport Beach, CA 92660 |
| 13. | Plan Contact Person and Phone Number: | Richard Herrera 949-223-0007 ext. 204 |
| 14. | Financial Reporting Contact Person and Phone Number: | Ronly Ferguson 949-223-0007 ext. 207 |
| 15. | President:* | Amir Neshat DDS |
| 16. | Secretary:* | |
| 17. | Chief Financial Officer:* | |
| 18. | Other Officers:* | Arash Aghakhani DDS, Ms |
| 19. | | |
| 20. | | |
| 21. | | |
| 22. | Directors:* | Richard Herrera |
| 23. | | Jason Park |
| 24. | | |
| 25. | | |
| 26. | | |
| 27. | | |
| 28. | | |
| 29. | | |
| 30. | | |
| 31. | | |

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

| | |
|---|--------------------------|
| 32. President | Amir Neshat DDS |
| 33. Secretary | SIGN |
| 34. Chief Financial Officer | SIGN |
| * Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement. | |
| 35. Check if this is a revised filing: | <input type="checkbox"/> |
| 36. If all dollar amounts are reported in thousands (000), check here | <input type="checkbox"/> |

Check My Work.

STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN

QUARTERLY FINANCIAL REPORTING FORM
SUPPLEMENTAL INFORMATION

| | | |
|----|--|--------------------------------------|
| | | 1 |
| 1. | Are footnote disclosures attached with this filing? | Yes <input type="button" value="v"/> |
| 2. | Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules. | No <input type="button" value="v"/> |
| 3. | Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department? | No <input type="button" value="v"/> |
| 4. | Have the Restricted Assets changed from the previous quarterly filing? If "yes", complete Schedule A-2 (Restricted Assets). | No <input type="button" value="v"/> |
| 5. | Are there any significant changes reported on Schedule G, Section III? | No <input type="button" value="v"/> |
| 6. | If "yes", describe: | |

STATEMENT AS OF 6-30-2002 OF 933-0052 Liberty Dental Plan of California Inc.

REPORT #1 ---- PART A: ASSETS

| 1 | 2 |
|---|----------------|
| CURRENT ASSETS: | Current Period |
| 1. Cash and Cash Equivalents | 4,013 |
| 2. Short-Term Investments | |
| 3. Premiums Receivable - Net | 36,537 |
| 4. Interest Receivable | |
| 5. Shared Risk Receivables - Net | |
| 6. Other Health Care Receivables - Net | |
| 7. Prepaid Expenses | 2,998 |
| 8. Secured Affiliate Receivables - Current | |
| 9. Unsecured Affiliate Receivables - Current | |
| 10. Aggregate Write-Ins for Current Assets | 3,700 |
| 11. TOTAL CURRENT ASSETS (Items 1 to 10) | 47,248 |
| OTHER ASSETS: | |
| 12. Restricted Assets | |
| 13. Long-Term Investments | |
| 14. Intangible Assets and Goodwill - Net | 245,985 |
| 15. Secured Affiliate Receivables - Long-Term | |
| 16. Unsecured Affiliate Receivables - Past Due | |
| 17. Aggregate Write-Ins for Other Assets | 4,028 |
| 18. TOTAL OTHER ASSETS (Items 12 to 17) | 250,013 |
| PROPERTY AND EQUIPMENT | |
| 19. Land, Building and Improvements | |
| 20. Furniture and Equipment - Net | 88,090 |
| 21. Computer Equipment - Net | 68,155 |
| 22. Leasehold Improvements -Net | |
| 23. Construction in Progress | |
| 24. Software Development Costs | |
| 25. Aggregate Write-Ins for Other Equipment | 0 |
| 26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25) | 156,245 |
| 27. TOTAL ASSETS | 453,506 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS | |
| 1001. Supplies | 1,200 |
| 1002. Prepaid DMHC Fees | |
| 1003. Rental Income Receivable | 2,500 |
| 1004. SBA Receivable | |
| 1098. Summary of remaining write-ins for Item 10 from overflow page | |
| 1099. TOTALS (Items 1001 thru 1004 plus 1098) | 3,700 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS | |
| 1701. Deposits | 4,028 |
| 1702. | |
| 1703. | |
| 1704. | |
| 1798. Summary of remaining write-ins for Item 17 from overflow page | |
| 1799. TOTALS (Items 1701 thru 1704 plus 1798) | 4,028 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT | |
| 2501. | |
| 2502. | |
| 2503. | |
| 2504. | |
| 2598. Summary of remaining write-ins for Item 25 from overflow page | |
| 2599. TOTALS (Items 2501 thru 2504 plus 2598) | 0 |

STATEMENT AS OF 6-30-2002 OF 933-0052 Liberty Dental Plan of California Inc.

REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

| 1 | 2 | 3 | 4 |
|---|----------------|-----------------|---------|
| CURRENT LIABILITIES: | Current Period | | |
| | Contracting | Non-Contracting | Total |
| 1. Trade Accounts Payable | | XXX | 0 |
| 2. Capitation Payable | 6,395 | XXX | 6,395 |
| 3. Claims Payable (Reported) | 70 | | 70 |
| 4. Incurred But Not Reported Claims | 1,679 | | 1,679 |
| 5. POS Claims Payable (Reported) | | | 0 |
| 6. POS Incurred But Not Reported Claims | | | 0 |
| 7. Other Medical Liability | | | 0 |
| 8. Unearned Premiums | 2,953 | XXX | 2,953 |
| 9. Loans and Notes Payable | | XXX | 0 |
| 10. Amounts Due To Affiliates - Current | | XXX | 0 |
| 11. Aggregate Write-Ins for Current Liabilities | 16,390 | 0 | 16,390 |
| 12. TOTAL CURRENT LIABILITIES (Items 1 to 11) | 27,487 | 0 | 27,487 |
| OTHER LIABILITIES: | | | |
| 13. Loans and Notes Payable (Not Subordinated) | | XXX | 0 |
| 14. Loans and Notes Payable (Subordinated) | | XXX | 0 |
| 15. Accrued Subordinated Interest Payable | | XXX | 0 |
| 16. Amounts Due To Affiliates - Long Term | | XXX | 0 |
| 17. Aggregate Write-Ins for Other Liabilities | 0 | XXX | 0 |
| 18. TOTAL OTHER LIABILITIES (Items 13 to 17) | 0 | XXX | 0 |
| 19. TOTAL LIABILITIES | 27,487 | 0 | 27,487 |
| NET WORTH | | | |
| 20. Common Stock | XXX | XXX | |
| 21. Preferred Stock | XXX | XXX | |
| 22. Paid In Surplus | XXX | XXX | 459,483 |
| 23. Contributed Capital | XXX | XXX | |
| 24. Retained Earnings (Deficit)/Fund Balance | XXX | XXX | -33,464 |
| 25. Aggregate Write-Ins for Other Net Worth Items | XXX | XXX | 0 |
| 26. TOTAL NET WORTH (Items 20 to 25) | XXX | XXX | 426,019 |
| 27. TOTAL LIABILITIES AND NET WORTH | XXX | XXX | 453,506 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES | | | |
| 1101. Commissions Payable | 2,762 | | 2,762 |
| 1102. Compensation Payable | 12,511 | | 12,511 |
| 1103. Administrative Expense Payable | 1,117 | | 1,117 |
| 1104. | | | 0 |
| 1198. Summary of remaining write-ins for Item 11 from overflow page | | | 0 |
| 1199. TOTALS (Items 1101 thru 1104 plus 1198) | 16,390 | 0 | 16,390 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES | | | |
| 1701. | | XXX | 0 |
| 1702. | | XXX | 0 |
| 1703. | | XXX | 0 |
| 1704. | | XXX | 0 |
| 1798. Summary of remaining write-ins for Item 17 from overflow page | | XXX | 0 |
| 1799. TOTALS (Items 1701 thru 1704 plus 1798) | 0 | XXX | 0 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS | | | |
| 2501. | XXX | XXX | |
| 2502. | XXX | XXX | |
| 2503. | XXX | XXX | |
| 2504. | XXX | XXX | |
| 2598. Summary of remaining write-ins for Item 25 from overflow page | XXX | XXX | |
| 2599. TOTALS (Items 2501 thru 2504 plus 2598) | XXX | XXX | 0 |

STATEMENT AS OF 6-30-2002 OF 933-0052 Liberty Dental Plan of California Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

| | 1 | 2 |
|--|----------------|--------------|
| | Current Period | Year-To-Date |
| REVENUES: | | |
| 1. Premiums (Commercial) | 113,183 | 258,147 |
| 2. Capitation | | |
| 3. Co-payments, COB, Subrogation | | |
| 4. Title XVIII - Medicare | | |
| 5. Title XIX - Medicaid | | |
| 6. Fee-For-Service | | |
| 7. Point-Of-Service (POS) | | |
| 8. Interest | 3,922 | 3,922 |
| 9. Risk Pool Revenue | | |
| 10. Aggregate Write-Ins for Other Revenues | 2,976 | 8,792 |
| 11. TOTAL REVENUE (Items 1 to 10) | 120,081 | 270,861 |
| EXPENSES: | | |
| Medical and Hospital | | |
| 12. Inpatient Services - Capitated | | |
| 13. Inpatient Services - Per Diem | | |
| 14. Inpatient Services - Fee-For-Service/Case Rate | | |
| 15. Primary Professional Services - Capitated | 18,567 | 38,434 |
| 16. Primary Professional Services - Non-Capitated | 2,538 | 8,263 |
| 17. Other Medical Professional Services - Capitated | | |
| 18. Other Medical Professional Services - Non-Capitated | | |
| 19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS | | 50 |
| 20. POS Out-Of-Network Expense | | |
| 21. Pharmacy Expense - Capitated | | |
| 22. Pharmacy Expense - Fee-for-Service | | |
| 23. Aggregate Write-Ins for Other Medical and Hospital Expenses | 0 | 0 |
| 24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23) | 21,105 | 46,747 |
| Administration | | |
| 25. Compensation | 57,913 | 116,434 |
| 26. Interest Expense | | |
| 27. Occupancy, Depreciation and Amortization | 40,774 | 83,733 |
| 28. Management Fees | | |
| 29. Marketing | 5,780 | 14,084 |
| 30. Affiliate Administration Services | | |
| 31. Aggregate Write-Ins for Other Administration | 23,992 | 43,327 |
| 32. TOTAL ADMINISTRATION (Items 25 to 31) | 128,459 | 257,578 |
| 33. TOTAL EXPENSES | 149,564 | 304,325 |
| 34. INCOME (LOSS) | -29,483 | -33,464 |
| 35. Extraordinary Item | | |
| 36. Provision for Taxes | | |
| 37. NET INCOME (LOSS) | -29,483 | -33,464 |
| NET WORTH: | | |
| 38. Net Worth Beginning of Period | 455,502 | 450,015 |
| 39. Audit Adjustments | | |
| 40. Increase (Decrease) in Common Stock | | |
| 41. Increase (Decrease) in Preferred Stock | | |
| 42. Increase (Decrease) in Paid in Surplus | | 9,468 |
| 43. Increase (Decrease) in Contributed Capital | | |
| 44. Increase (Decrease) in Retained Earnings: | | |
| 45. Net Income (Loss) | -29,483 | -33,464 |
| 46. Dividends to Stockholders | | |
| 47. Aggregate Write-Ins for Changes in Retained Earnings | 0 | 0 |
| 48. Aggregate Write-Ins for Changes in Other Net Worth Items | 0 | 0 |
| 49. NET WORTH END OF PERIOD (Items 38 to 48) | 426,019 | 426,019 |

STATEMENT AS OF 6-30-2002 OF 933-0052 Liberty Dental Plan of California Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

| 1 | 2 | 3 |
|---|----------------|--------------|
| | Current Period | Year-to-Date |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES | | |
| 1001. Rental Income | 3,300 | 6,600 |
| 1002. Premium Refunds | -324 | -446 |
| 1003. Escrow/Conservator Refunds | | 2,638 |
| 1004. | | |
| 1005. | | |
| 1006. | | |
| 1098. Summary of remaining write-ins for Item 10 from overflow page | | |
| 1099. TOTALS (Items 1001 thru 1006 plus 1098) | 2,976 | 8,792 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES | | |
| 2301. | | |
| 2302. | | |
| 2303. | | |
| 2304. | | |
| 2305. | | |
| 2306. | | |
| 2398. Summary of remaining write-ins for Item 23 from overflow page | | |
| 2399. TOTALS (Items 2301 thru 2306 plus 2398) | 0 | 0 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES | | |
| 3101. Printing | 630 | 4,035 |
| 3102. Advertising and Promotion | 5,136 | 8,529 |
| 3103. Travel and Business | 4,424 | 8,243 |
| 3104. Repairs/Maintenance | 154 | 1,105 |
| 3105. Postage | 3,332 | 7,479 |
| 3106. Telephone | 5,339 | 6,485 |
| 3198. Summary of remaining write-ins for Item 31 from overflow page | 4,977 | 7,451 |
| 3199. TOTALS (Items 3101 thru 3106 plus 3198) | 23,992 | 43,327 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS | | |
| 4701. | | |
| 4702. | | |
| 4703. | | |
| 4704. | | |
| 4705. | | |
| 4706. | | |
| 4798. Summary of remaining write-ins for Item 47 from overflow page | | |
| 4799. TOTALS (Items 4701 thru 4706 plus 4798) | 0 | 0 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS | | |
| 4801. | | |
| 4802. | | |
| 4803. | | |
| 4804. | | |
| 4805. | | |
| 4806. | | |
| 4898. Summary of remaining write-ins for Item 48 from overflow page | | |
| 4899. TOTALS (Items 4801 thru 4806 plus 4898) | 0 | 0 |

REPORT #3: STATEMENT OF CASH FLOWS (Direct Method)

| 1 | 2 | 3 |
|--|----------------|--------------|
| | Current Period | Year-to-Date |
| CASH FLOW PROVIDED BY OPERATING ACTIVITIES | | |
| 1. Group/Individual Premiums/Capitation | 113,183 | 258,148 |
| 2. Fee-For-Service | | |
| 3. Title XVIII - Medicare Premiums | | |
| 4. Title XIX - Medicaid Premiums | | |
| 5. Investment and Other Revenues | 2,976 | 8,792 |
| 6. Co-Payments, COB and Subrogation | | |
| 7. Medical and Hospital Expenses | -20,086 | -38,604 |
| 8. Administration Expenses | -100,212 | -245,634 |
| 9. Federal Income Taxes Paid | | |
| 10. Interest Paid | 3,922 | 3,922 |
| 11. NET CASH PROVIDED BY OPERATING ACTIVITIES | -217 | -13,376 |
| CASH FLOW PROVIDED BY INVESTING ACTIVITIES | | |
| 12. Proceeds from Restricted Cash and Other Assets | | |
| 13. Proceeds from Investments | | |
| 14. Proceeds for Sales of Property, Plant and Equipment | | |
| 15. Payments for Restricted Cash and Other Assets | | -264,175 |
| 16. Payments for Investments | | |
| 17. Payments for Property, Plant and Equipment | -2,935 | -177,934 |
| 18. NET CASH PROVIDED BY INVESTING ACTIVITIES | -2,935 | -442,109 |
| CASH FLOW PROVIDED BY FINANCING ACTIVITIES: | | |
| 19. Proceeds from Paid in Capital or Issuance of Stock | | 459,483 |
| 20. Loan Proceeds from Non-Affiliates | | |
| 21. Loan Proceeds from Affiliates | | |
| 22. Principal Payments on Loans from Non-Affiliates | | |
| 23. Principal Payments on Loans from Affiliates | | |
| 24. Dividends Paid | | |
| 25. Aggregate Write-Ins for Cash Provided by Financing Activities | 0 | 0 |
| 26. NET CASH PROVIDED BY FINANCING ACTIVITIES | 0 | 459,483 |
| 27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26) | -3,152 | 3,998 |
| 28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER | 7,165 | 15 |
| 29. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER | 4,013 | 4,013 |
| RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| 30. Net Income | -29,483 | -33,464 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities | | |
| 31. Depreciation and Amortization | 27,013 | 53,728 |
| 32. Decrease (Increase) in Receivables | 6,930 | -39,037 |
| 33. Decrease (Increase) in Prepaid Expenses | -2,249 | -22,091 |
| 34. Decrease (Increase) in Affiliate Receivables | | |
| 35. Increase (Decrease) in Accounts Payable | 138 | 1,117 |
| 36. Increase (Decrease) in Claims Payable and Shared Risk Pool | 146 | 1,749 |
| 37. Increase (Decrease) in Unearned Premium | -2,135 | 2,954 |
| 38. Aggregate Write-Ins for Adjustments to Net Income | -577 | 21,668 |
| 39. TOTAL ADJUSTMENTS (Items 31 through 38) | 29,266 | 20,088 |
| 40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11) | -217 | -13,376 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES | | |
| 2501. | | |
| 2502. | | |
| 2503. | | |
| 2598. Summary of remaining write-ins for Item 25 from overflow page | | |
| 2599. TOTALS (Items 2501 thru 2503 plus 2598) | 0 | 0 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME | | |
| 3801. Increase (Decrease) in Capitation Payable | 873 | 6,395 |
| 3802. Increase (Decrease) in Commissions Payable | -223 | 2,762 |
| 3803. Increase (Decrease) in Compensation Payable | -1,227 | 12,511 |
| 3898. Summary of remaining write-ins for Item 38 from overflow page | | |
| 3899. TOTALS (Items 3801 thru 3803 plus 3898) | -577 | 21,668 |

REPORT #3: STATEMENT OF CASH FLOWS (Indirect Method)

| | 1 | 2 |
|--|----------------|--------------|
| | Current Period | Year-to-Date |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| 1. Net Income (Loss) | -29,483 | -33,464 |
| ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | |
| 2. Depreciation and Amortization | | |
| 3. Unrealized Gains/Losses on Equity Securities | | |
| 4. Gain/Loss on Sale of Assets | | |
| 5. Deferred Income Taxes | | |
| CHANGE IN OPERATING ASSETS AND LIABILITIES | | |
| (Increase) Decrease in Operating Assets: | | |
| 6. Receivables | | |
| 7. Prepaid Expenses | | |
| 8. Affiliate Receivables | | |
| 9. Aggregate write-ins for (increase) decrease in operating assets | 0 | 0 |
| Increase (Decrease) in Operating Liabilities: | | |
| 10. Trade Accounts Payable | | |
| 11. Capitation Payable | | |
| 12. Claims Payable and IBNR | | |
| 13. Other Medical Liability | | |
| 14. Unearned Premiums | | |
| 15. Affiliate Payables | | |
| 16. Aggregate write-ins for increase (decrease) in operating liabilities | 0 | 0 |
| 17. NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES | -29,483 | -33,464 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| 18. Proceeds from Restricted Cash and Other Assets | | |
| 19. Proceeds from Investments | | |
| 20. Proceeds for Sales of Property, Plant, and Equipment | | |
| 21. Payments for Restricted Cash and Other Assets | | |
| 22. Payments for Investments | | |
| 23. Payments for Property, Plant, and Equipment | | |
| 24. Aggregate write-ins for cash flow provided by investing activities | 0 | 0 |
| 25. NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES | 0 | 0 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| 26. Proceeds from Paid-in-Capital or Issuance of Stock | | |
| 27. Loan Proceeds from Non-Affiliates | | |
| 28. Loan Proceeds from Affiliates | | |
| 29. Principal Payments on Loans from Non-Affiliates | | |
| 30. Principal Payments on Loans from Affiliates | | |
| 31. Dividends Paid | | |
| 32. Principal Payments under lease obligations | | |
| 33. Aggregate write-ins for cash flow provided by financing activities | 0 | 0 |
| 34. NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES | 0 | 0 |
| 35. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | -29,483 | -33,464 |
| 36. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER | | |
| 37. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER | -29,483 | -33,464 |

REPORT #3: STATEMENT OF CASH FLOWS (Indirect Method)

| 1 | 2 | 3 |
|--|----------------|--------------|
| | Current Period | Year-to-Date |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 9 FOR (INCREASE) DECREASE IN OPERATING ASSETS | | |
| 901. | | |
| 902. | | |
| 903. | | |
| 998. Summary of remaining write-ins for Item 9 from overflow page | | |
| 999. TOTALS (Items 901 thru 903 plus 998) | 0 | 0 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 16 FOR INCREASE (DECREASE) IN OPERATING LIABILITIES | | |
| 1601. | | |
| 1602. | | |
| 1603. | | |
| 1698. Summary of remaining write-ins for Item 16 from overflow page | | |
| 1699. TOTALS (Items 1601 thru 1603 plus 1698) | 0 | 0 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 24 FOR CASH FLOW PROVIDED BY INVESTING ACTIVITIES | | |
| 2401. | | |
| 2402. | | |
| 2403. | | |
| 2498. Summary of remaining write-ins for Item 24 from overflow page | | |
| 2499. TOTALS (Items 2401 thru 2403 plus 2498) | 0 | 0 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 33 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES | | |
| 3301. | | |
| 3302. | | |
| 3303. | | |
| 3398. Summary of remaining write-ins for Item 33 from overflow page | | |
| 3399. TOTALS (Items 3301 thru 3303 plus 3398) | 0 | 0 |

TOTAL ENROLLMENT

[illegible]

SCHEDULE A-1 (CASH)

| 1 | 2 | 3 |
|---|----------------|----------|
| Name of Depository (List all accounts even if closed during the period) | Account Number | Balance* |
| 1. Wells Fargo | 201-8674812 | -711 |
| 2. California Bank Trust | 35-100177-11 | 4,724 |
| 3. | | |
| 4. | | |
| 5. | | |
| 6. | | |
| 7. | | |
| 8. | | |
| 9. Total Cash on Deposit | | 4,013 |
| 10. Cash on Hand (Petty Cash) | | |
| 11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1) | | 4,013 |

SCHEDULE A-2 RESTRICTED ASSETS

| 1 | 2 | 3 |
|--|----------------|----------|
| Name of Depository (List all accounts even if closed during period) | Account Number | Balance* |
| 12. | | |
| 13. | | |
| 14. | | |
| 15. | | |
| 16. | | |
| 17. | | |
| 18. | | |
| 19. Total Restricted Assets | | 0 |

* Indicate the Balance Per the HMO's Records

STATEMENT AS OF 6-30-2002 OF 933-0052 Liberty Dental Plan of California Inc.

SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable

| 1 | 2 | 3 | 4 | 5 |
|---|------------|------------|--------------|--------|
| Name of Debtor | 31-60 Days | 61-90 Days | Over 90 Days | Total |
| 1. Maxicare | | | 15,523 | 15,523 |
| 2. San Diego Transit | | | 9,172 | 9,172 |
| 3. | | | | 0 |
| 4. | | | | 0 |
| 5. | | | | 0 |
| 6. | | | | 0 |
| 7. | | | | 0 |
| 8. | | | | 0 |
| 9. | | | | 0 |
| 10. | | | | 0 |
| 11. | | | | 0 |
| 12. | | | | 0 |
| 13. | | | | 0 |
| 14. | | | | 0 |
| 15. | | | | 0 |
| 16. | | | | 0 |
| 17. | | | | 0 |
| 18. | | | | 0 |
| 19. | | | | 0 |
| 20. | | | | 0 |
| 21. | | | | 0 |
| 22. | | | | 0 |
| 23. | | | | 0 |
| 24. | | | | 0 |
| 25. | | | | 0 |
| 26. | | | | 0 |
| 27. | | | | 0 |
| 28. | | | | 0 |
| 29. | | | | 0 |
| 30. | | | | 0 |
| 31. | | | | 0 |
| 32. | | | | 0 |
| 33. | | | | 0 |
| 34. | | | | 0 |
| 35. | | | | 0 |
| 36. | | | | 0 |
| 37. | | | | 0 |
| 38. | | | | 0 |
| 39. | | | | 0 |
| 40. | | | | 0 |
| 41. | | | | 0 |
| 42. | | | | 0 |
| 43. | | | | 0 |
| 44. | | | | 0 |
| 45. | | | | 0 |
| 46. | | | | 0 |
| 47. | | | | 0 |
| 48. | | | | 0 |
| 49. | | | | 0 |
| 50. | | | | 0 |
| 51. | | | | 0 |
| 52. | | | | 0 |
| 53. | | | | 0 |
| 54. | | | | 0 |
| 55. Total - Individual Listed Receivables | 0 | 0 | 24,695 | 24,695 |

STATEMENT AS OF 6-30-2002 OF 933-0052 Liberty Dental Plan of California Inc.

SCHEDULE D
HEALTH CARE RECEIVABLES &
AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES

Individually list all debtors with account balances greater than 10% of gross Receivables

| 1 | 2 | 3 | 4 | 5 |
|---|------------|------------|--------------|-------|
| Name of Debtor | 31-60 Days | 61-90 Days | Over 90 Days | Total |
| 1. | | | | 0 |
| 2. | | | | 0 |
| 3. | | | | 0 |
| 4. | | | | 0 |
| 5. | | | | 0 |
| 6. | | | | 0 |
| 7. | | | | 0 |
| 8. | | | | 0 |
| 9. | | | | 0 |
| 10. | | | | 0 |
| 11. | | | | 0 |
| 12. | | | | 0 |
| 13. | | | | 0 |
| 14. | | | | 0 |
| 15. | | | | 0 |
| 16. | | | | 0 |
| 17. | | | | 0 |
| 18. | | | | 0 |
| 19. | | | | 0 |
| 20. | | | | 0 |
| 21. | | | | 0 |
| 22. | | | | 0 |
| 23. | | | | 0 |
| 24. | | | | 0 |
| 25. | | | | 0 |
| 26. | | | | 0 |
| 27. | | | | 0 |
| 28. | | | | 0 |
| 29. | | | | 0 |
| 30. | | | | 0 |
| 31. | | | | 0 |
| 32. | | | | 0 |
| 33. | | | | 0 |
| 34. | | | | 0 |
| 35. | | | | 0 |
| 36. | | | | 0 |
| 37. | | | | 0 |
| 38. | | | | 0 |
| 39. | | | | 0 |
| 40. | | | | 0 |
| 41. | | | | 0 |
| 42. | | | | 0 |
| 43. | | | | 0 |
| 44. | | | | 0 |
| 45. | | | | 0 |
| 46. | | | | 0 |
| 47. | | | | 0 |
| 48. | | | | 0 |
| 49. | | | | 0 |
| 50. | | | | 0 |
| 51. | | | | 0 |
| 52. | | | | 0 |
| 53. | | | | 0 |
| 54. | | | | 0 |
| 55. Total - Individual Listed Receivables | 0 | 0 | 0 | 0 |

STATEMENT AS OF 6-30-2002 OF 933-0052 Liberty Dental Plan of California Inc.

SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter on the line titled, "Aggregate Accounts Not Individually Listed-Due." Report accounts payable from the initial date of billing or due date under contract.

| | 1 Name of Debtor | 2 31-60 Days | 3 61-90 Days | 4 91-120 Days | 5 Over 120 Days | 6 Total |
|-----|------------------------------------|-----------------|-----------------|------------------|--------------------|------------|
| 1. | | | | | | 0 |
| 2. | | | | | | 0 |
| 3. | | | | | | 0 |
| 4. | | | | | | 0 |
| 5. | | | | | | 0 |
| 6. | | | | | | 0 |
| 7. | | | | | | 0 |
| 8. | | | | | | 0 |
| 9. | | | | | | 0 |
| 10. | | | | | | 0 |
| 11. | | | | | | 0 |
| 12. | | | | | | 0 |
| 13. | | | | | | 0 |
| 14. | | | | | | 0 |
| 15. | | | | | | 0 |
| 16. | | | | | | 0 |
| 17. | | | | | | 0 |
| 18. | | | | | | 0 |
| 19. | | | | | | 0 |
| 20. | | | | | | 0 |
| 21. | | | | | | 0 |
| 22. | | | | | | 0 |
| 23. | | | | | | 0 |
| 24. | Total - Individual Listed Payables | 0 | 0 | 0 | 0 | 0 |

SCHEDULE G - UNPAID CLAIMS ANALYSIS
SECTION I - CLAIMS UNPAID

| Type of Claim | 1 Reported Claims in Process of Adjustment | 2 Estimated Incurred but Unreported | 3 Total - Unpaid Claims (Columns 4+5 of Section II) |
|---------------------|---|--|--|
| 1. Inpatient Claims | | | 0 |
| 2. Physician Claims | | | 0 |
| 3. Referral Claims | 385 | 1,679 | 2,064 |
| 4. Other Medical | | | 0 |
| 5. TOTAL | 385 | 1,679 | 2,064 |

SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)

| 1 Type of Claim | Claims Paid During the Fiscal Year | | Unpaid Claims During the Fiscal Year | | 6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4) | 7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year |
|---------------------|--|--|--|---|--|---|
| | 2 On Claims Incurred Prior to the first day of the Current Fiscal Year | 3 On Claims Incurred During the Fiscal Year | 4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year | 5 On Claims Incurred During the Year | | |
| 6. Inpatient Claims | | | | | 0 | |
| 7. Physician Claims | | | | | 0 | |
| 8. Referral Claims | | | | | 0 | |
| 9. Other Medical | | | | | 0 | |
| 10. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED*

| 1 Month Ending | 2 Beginning Balance Number of Claims in inventory on the 1st of each month | 3 Add - Claims Received during the month | 4 Deduct - Claims paid during the month | 5 Deduct - Claims denied during the month | 6 Add/Deduct - Adjustments | 7 Ending Balance Number of claims in inventory at the end of the month |
|--------------------|---|--|--|---|---|---|
| 11. | | | | | | |
| 12. April 30, 2002 | 0 | 1 | 0 | 0 | | 1 |
| 13. May 31, 2002 | 1 | 4 | 3 | 0 | | 2 |
| 14. June 30, 2002 | 2 | 3 | 3 | 0 | | 2 |
| 15. | | | | | | 0 |
| 16. | | | | | | 0 |
| 17. | | | | | | 0 |
| 18. | | | | | | 0 |
| 19. | | | | | | 0 |
| 20. | | | | | | 0 |
| 21. | | | | | | 0 |
| 22. | | | | | | 0 |
| 23. | | | | | | 0 |

* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

STATEMENT AS OF 6-30-2002 OF 933-0052 Liberty Dental Plan of California Inc.

SCHEDULE H - AGING OF ALL CLAIMS

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

| | 1 | 2 | 3 | 4 | 5 | 6 |
|-----|----------------|-----------|------------|------------|--------------|-------|
| 1. | Month Ending | 1-30 Days | 31-60 Days | 61-90 Days | Over 90 Days | Total |
| 2. | April 30, 2002 | 1 | | | | 1 |
| 3. | May 31, 2002 | 2 | | | | 2 |
| 4. | June 30, 2002 | 1 | 1 | | | 2 |
| 5. | | | | | | 0 |
| 6. | | | | | | 0 |
| 7. | | | | | | 0 |
| 8. | | | | | | 0 |
| 9. | | | | | | 0 |
| 10. | | | | | | 0 |
| 11. | | | | | | 0 |
| 12. | | | | | | 0 |
| 13. | | | | | | 0 |

STATEMENT AS OF 6-30-2002 OF 933-0052 Liberty Dental Plan of California Inc.

SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

| Reported Accrual | | | | |
|---------------------|--------------------------|---------------------|---------------------------|---------------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| Quarter Ending Date | Total Medical Liability* | Amount Paid-To-Date | Difference - Column (2-3) | Liability (Based on plan's lag table) |
| 1. June 30, 2002 | 1,749 | XXX | 1,749 | 537 |
| 2. March 31, 2002 | 1,603 | 630 | 973 | 8 |
| 3. Previous | | | 0 | |
| 4. Previous | | | 0 | |
| 5. Previous | | | 0 | |
| 6. Previous | | | 0 | |
| 7. Previous | | | 0 | |
| 8. Previous | | | 0 | |

* Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

| 1 | |
|-------------------------------|--|
| NOTES TO FINANCIAL STATEMENTS | |
| 1. | |
| 2. | |
| 3. | |
| 4. | |
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| 1 | |
|-----------------------------|---|
| OVERFLOW PAGE FOR WRITE-INS | |
| 1. | Aggregate Write-Ins at Item 31 for Other Administrative Expenses continued: |
| 2. | |
| 3. | Current Period |
| 4. | Bank Fees: \$1711.78 |
| 5. | Office Expense: \$1898.16 |
| 6. | Legal/Insurance/Accounting Fees: \$1167.50 |
| 7. | Consulting: \$200 |
| 8. | |
| 9. | |
| 10. | Year-To-Date |
| 11. | Bank Fees: \$2405.78 |
| 12. | Office Expense: \$3378.42 |
| 13. | Legal/Insurance/Accounting Fees: \$1467.50 |
| 14. | Consulting: \$200 |
| 15. | |
| 16. | |
| 17. | |
| 18. | |
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| 58. | |
| 59. | |

STATEMENT AS OF 6-30-2002 OF 933-0052 Liberty Dental Plan of California Inc.

KNOX-KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68

| | 1 | 2 | 3 | 4 | 5 |
|-----------|--|--|--|---------------|--------------|
| A. | Explanation of the method of calculating the provision for incurred and unreported claims: | | | | |
| 1. | Estimates are based on historical claims data utilizing a plan lag table, created in accordance pursuant to section 1300.77.2 | | | | |
| B. | Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below: | | | | |
| | <u>Name of Debtor</u> | <u>Nature of Relationship</u> | <u>Nature of Receivable</u> | <u>Amount</u> | <u>Terms</u> |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| C. | Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below: | | | | |
| | <u>Donor's Name</u> | <u>Affiliation with Reporting Entity</u> | <u>Valuation Method</u> | <u>Amount</u> | |
| 7. | | | | | |
| 8. | | | | | |
| 9. | | | | | |
| 10. | | | | | |
| 11. | | | | | |
| D. | Forgiven debt or obligations, as detailed below: | | | | |
| | <u>Creditor's Name</u> | <u>Affiliation with Reporting Entity</u> | <u>Summary of How Obligation Arose</u> | <u>Amount</u> | |
| 12. | | | | | |
| 13. | | | | | |
| 14. | | | | | |
| 15. | | | | | |
| E. | Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules: | | | | |
| 16. | Net Equity | | \$ | 426,019 | |
| 17. | Add: Subordinated Debt | | \$ | | |
| 18. | Less: Receivables from officers, directors, and affiliates | | \$ | | |
| 19. | Intangibles | | \$ | 245,985 | |
| 20. | Tangible Net Equity (TNE) | | \$ | 180,034 | |
| 21. | Required Tangible Net Equity (See Page 22) | | \$ | 50,000 | |
| 22. | TNE Excess (Deficiency) | | \$ | 130,034 | |
| F. | Percentage of administrative costs to revenue obtained from subscribers and enrollees: | | | | |
| 23. | Revenue from subscribers and enrollees | | \$ | 113,183 | |
| 24. | Administrative Costs | | \$ | 128,459 | |
| 25. | Percentage | | | 113.50% | |
| 26. | The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: | | \$ | 50 | |
| 27. | Total costs for health care services for the immediately preceding six months: | | \$ | 46,789 | |
| 28. | Percentage | | | 0.11% | |

| | | |
|---|----|-------|
| | | 1 |
| <p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be</u> paid to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p> | | |
| 29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed: | \$ | 0 |
| 30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days: | \$ | 0 |
| 31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid: | \$ | 0 |
| 32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported: | \$ | 0 |
| 33. Compliance with Section 1377(a) as determined in accordance with such section, as follows: | | |
| 34. Cash & cash equivalents maintained | \$ | 4,013 |
| 35. Noncontracting provider claims (aggregate of total of items 29 - 32 above) | \$ | 0 |
| 36. Cash & cash equivalents reported to be maintained (120% x Line 35) | \$ | 0 |
| 37. Deposit required (100% of Line 36) | \$ | 0 |
| 38. Excess (deficient) reserves (Line 34 - Line 37) | \$ | 4,013 |
| Percentage of premium revenue earned from point-of-service plan contracts: | | |
| 39. Premium revenue earned from point-of-service plan contracts | \$ | |
| 40. Total premium revenue earned | \$ | |
| 41. Percentage | | |
| Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees: | | |
| 42. Health care expenditures for out-of-network services for point-of-service enrollees | \$ | |
| 43. Total health care expenditures | \$ | |
| 44. Percentage | | |
| 45. Point-of-Service Enrollment at end of period | | |
| Total Ambulatory encounters for period for point-of-service enrollees: | | |
| 46. Physician | | |
| 47. Non-Physician | | |
| 48. Total | | 0 |
| 49. Total Patient Days Incurred for Point-of-Service enrollees | | |
| 50. Annualized Hospital Days/1000 for Point-of-Service enrollees | | |
| 51. Average Length of Stay for Point of Service enrollees | | |
| 52. Compliance with Section 1374.68(a) as follows: | | |
| 53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts: | \$ | |
| 54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts | \$ | |
| 55. Total | \$ | 0 |
| 56. Total times 120% | \$ | 0 |
| 57. Deposit (Greater of Line 56 or minimum of \$200,000) | \$ | |

STATEMENT AS OF 6-30-2002 OF 933-0052 Liberty Dental Plan of California Inc.

REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

| Full Service Plans | | Specialized Plans | |
|---|--------------|--|-----------|
| | 1 | | 2 |
| A. Minimum TNE Requirement | \$ 1,000,000 | Minimum TNE Requirement | \$ 50,000 |
| B. REVENUES: | | | |
| 1. 2% of the first \$150 million of annualized premium revenues | \$ | 2% of the first \$7.5 million of annualized premium revenue | \$ 14,903 |
| Plus | | Plus | |
| 2. 1% of annualized premium revenues in excess of \$150 million | \$ | 1% of annualized premium revenue in excess of \$7.5 million | \$ |
| 3. Total | \$ 0 | Total | \$ 14,903 |
| C. HEALTHCARE EXPENDITURES: | | | |
| 4. 8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis. | \$ | 8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis. | \$ |
| Plus | | Plus | |
| 5. 4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis. | \$ | 4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis. | \$ |
| Plus | | Plus | |
| 6. 4% of the annualized hospital expenditures paid on a managed hospital payment basis. | \$ | 4% of the annualized hospital expenditures paid on a managed hospital payment basis. | \$ 12,411 |
| 7. Total | \$ 0 | Total | \$ 12,411 |
| 8. Required "TNE" - Greater of "A" "B" or "C" | \$ | Required "TNE" - Greater of "A" "B" or "C" | \$ 50,000 |

**KNOX -KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1374.64**

POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

| | | |
|---|----|---------|
| | 1 | |
| 1. Net Equity | \$ | 426,019 |
| 2. Add: Subordinated Debt | \$ | |
| 3. Less: Receivables from officers, directors, and affiliates | \$ | |
| 4. Intangibles | \$ | |
| 5. Tangible Net Equity (TNE) | \$ | 426,019 |
| 6. Required Tangible Net Equity (From Line 10 or 13 below) | \$ | |
| 7. TNE Excess (Deficiency) | \$ | 426,019 |
| ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCULATION (Complete Section I or II): | | |
| I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2): | | |
| 8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2) | \$ | |
| 9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees | \$ | |
| 10. Add lines 8 and 9 | \$ | 0 |
| II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3): <u>PART A</u> | | |
| 11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24) | \$ | |
| 12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees | \$ | |
| 13. Add lines 11 and 12 | \$ | 0 |
| III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING | | |
| 14. Multiply Line 5 (above) by 130% | \$ | 553,825 |
| 15. Multiply Line 6 (above) by 130% | \$ | 0 |
| 16. Difference (Line 14 - Line 15) | \$ | 553,825 |
| If Line 14 is less than Line 15, then monthly reporting is required | | |

STATEMENT AS OF 6-30-2002 OF 933-0052 Liberty Dental Plan of California Inc.

WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

| | 1 Full Service Plans | 2 Specialized Plans |
|--|-----------------------------------|-----------------------------------|
| 1. Health care expenditures for period | \$ <input type="text"/> | \$ <input type="text"/> |
| Less: | | |
| 2. Capitated or managed hospital payment basis expenditures | <input type="text"/> | <input type="text"/> |
| 3. Health care expenditures for out-of-network services for point-of-service enrollees | <input type="text"/> | <input type="text"/> |
| 4. Result | <input type="text" value="0"/> | <input type="text" value="0"/> |
| 5. Annualized | <input type="text"/> | <input type="text"/> |
| 6. Reduce to maximum of \$150 million | <input type="text"/> | <input type="text"/> |
| 7. Multiply by 8% | \$ <input type="text" value="0"/> | \$ <input type="text" value="0"/> |
| Plus | | |
| 8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees | \$ <input type="text"/> | \$ <input type="text"/> |
| 9. Less \$150 million | <input type="text"/> | <input type="text"/> |
| 10. Multiply by 4% | \$ <input type="text" value="0"/> | \$ <input type="text" value="0"/> |
| Plus | | |
| 11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees | \$ <input type="text"/> | \$ <input type="text"/> |
| 12. Multiply by 4% | \$ <input type="text" value="0"/> | \$ <input type="text" value="0"/> |
| 13. Total | \$ <input type="text" value="0"/> | \$ <input type="text" value="0"/> |

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